



2015 ANNUAL REPORT



MISSOURI AUTOMOTIVE MANUFACTURING JOBS



Missouri Automotive Manufacturing Jobs Act

Annual Report for 2015

The Missouri Automotive Manufacturing Jobs Act was introduced and passed during the 2010 Legislative Special Session, and Section 620.1910 RSMo became effective on October 12, 2010. The purpose of the program is to allow qualified manufacturing facilities or suppliers that invest in next-generation production lines in existing Missouri facilities to retain withholding taxes typically remitted to the state.

A report is required each year to provide the following information:

- Names of the participating qualified manufacturing companies or qualified suppliers
- Location of such companies or suppliers
- The annual amount of benefits provided
- The estimated net state fiscal impact including direct and indirect new state taxes derived
- Number of new jobs created or jobs retained

Program Requirements

The program provides incentives for job retention to automotive manufacturing facilities for a period of 10 years and for job creation to suppliers of automotive manufacturing companies in the state for 3 to 5 years, depending on the wages of the new jobs. A Notice of Intent (NOI) is submitted by the company and the Department provides either an approval or rejection within 30 days of receipt. Failure by the Department to provide a response within that timeframe is deemed an approval. Within six months of the NOI approval, the qualified manufacturing company shall enter into an agreement with the department that memorializes the content of the NOI, the requirements of the program and the consequences for failing to meet such requirements.

Qualified manufacturer eligibility requirements are as follows:

- NAICS code is 33611;
- Manufacture goods at a facility in Missouri throughout the period in which the company receives benefits and;
- Make a capital investment of at least \$75,000 per retained job for a new product or \$50,000 per retained job for the modification or expansion of an existing product within two years of beginning to retain withholding taxes.

Qualified supplier eligibility requirements are as follows:

- Attest to the Department that it derives more than 10% of its total annual sales revenue from sales to a qualified manufacturing company;
- Adds five or more new jobs;
- Pays wages for the new jobs that are equal to or exceeds the county average wage for Missouri as determined by the department using the NAICS industry classifications but are not less than 60% of the statewide average wage; and provides health insurance for all full-time jobs and pays at least 50% of the insurance premiums.

Annual Benefit

The benefits for the MO Automotive Manufacturing Act are retained withholdings for both retention as a qualified manufacturer or new jobs as a qualified supplier. Beginning January 1, 2012, the qualified manufacturer may retain 100% of the withholding taxes from full-time jobs at the facility for 10 years if it manufactures a new product or retain 50% of withholding taxes from full-time jobs for seven years if it modifies or expands an existing product.

The benefits for a qualified supplier are to retain 100% of the withholding taxes from new jobs for three years. If the qualified supplier pays wages for the new jobs that are equal to or greater than 120% of the county average wage for Missouri as determined by the department using NAICS industry classifications, it can retain the withholding taxes for five years.

The funding limit for this program is \$10 million per year for any one qualified manufacturing company and limits the aggregate amount of retained withholding taxes by all qualified manufacturing companies to \$15 million per year. There are no limits on the aggregate amounts for qualified suppliers under this program.

Manufacturing Companies	# of Jobs Retained	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Provided This CY	Total Benefits Provided To Date in Program
Ford Motor Co.	3850	Claycomo	10	2014	\$100,000,000	\$10,000,000	\$20,000,000
General Motor LLC	1348	Wentzville	10	2013	\$ 50,000,000	\$ 5,000,000	\$ 15,000,000

Auto Supplier Companies	# of Jobs Created	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Provided This CY	Total Benefits Provided To Date in Program
Faurecia Automotive Seating	141	Wentzville	3	2015*	\$ 548,632	\$0	\$0
Henniges Automotive Seating	305	New Haven	3	2014	\$ 547,677	\$0	\$171,953
Piston Automotive, LLC	52	North Kansas City	3	2015*	\$ 104,305	\$0	\$0
Challenge Mfg. Holdings, Inc.	102	Bridgeton	3	2015*	\$ 266,819	\$0	\$0
Ground Effects, LLC	60	Wentzville	3	2015*	\$ 111,566	\$0	\$0
Tenneco Automotive Operating Company, Inc	40	Kansas City	3	2015	\$ 141,666	\$0	\$0

*Assumption of Year 1 is 2015

Net State Fiscal Impact

The Missouri Economic Research Center has estimated the economic Contribution impact of the Missouri Automotive Manufacturing Jobs Act using the REMI Missouri Regional Economic Model. The two qualified manufacturing companies were calculated separately to ensure a succinct and concise representation of their individual contribution to the state. Key findings for each of the manufacturing company's impact include:

BENEFIT : COST ANALYSIS (includes only state revenue impacts)		
MMJ – Manufacturers	Fiscal Period (15 years)	<u>Derivation of Benefits</u>
BENEFITS		Investment: (a) \$716,563,844 in durable equipment spending in 2013 - 2014.
Direct Fiscal Benefits	\$941,251,424	Employment: Contribution of 1348 jobs scaling up to 5198 in Motor vehicle manufacturing at specified wage rates in 2013-2027.
Indirect Fiscal Benefits	\$483,593,349	
Total	\$1,424,844,772	Other Assumptions: (a) real wage growth starting in 2014.
COSTS		
Direct Fiscal Costs	\$159,542,959	Incentives: (a) MMJ (Ford) \$100,000,000 in 2014-2023, (b) MMJ (GM) \$50,000,000 in 2013-2022, (c) \$1,484,793 in Customized Training in 2014, (d) \$2,261,043 in New Jobs Training in 2014.
Indirect Fiscal Costs	\$0	
Total	\$159,542,959	
BENEFIT: COST	8.93	Impacts occur in Missouri. All values in constant dollars. Assumptions provided by DED. Estimated using REMI-PI+v1.6

BENEFIT : COST ANALYSIS (includes only state revenue impacts)		
MMJ – Supply	Fiscal Period (15 years)	<u>Derivation of Benefits</u>
BENEFITS		Investment: (a) \$1,104,155 in durable equipment spending in 2013 - 2014.
Direct Fiscal Benefits	\$124,123,932	Employment: Contribution of 305 jobs scaling up to 700 in Motor vehicle manufacturing at specified wage rates in 2013-2027
Indirect Fiscal Benefits	\$61,440,405	
Total	\$185,564,337	Other Assumptions: (a) real wage growth starting in 2016.
COSTS		
Direct Fiscal Costs	\$1,693,740	Incentives/Credits (a) MMJ Henniges \$542,400 (b) MMJ(Piston) \$104,305 2014-2016 (c) MMJ (Faurecia) \$548,632 2015-2017 (d) MMJ (Challenge) \$266,819 2015-2017 (e) MMJ (Ground Effects) \$111,566 2015-2017 (f) MMJ (Tenneco) \$141,1667 2015-2018 (g) Customized Training \$229,235 2014-2015
Indirect Fiscal Costs	\$0	
Total	\$1,693,740	
BENEFIT: COST	109.56	
		Impacts occur in Missouri. All values in constant dollars. Assumptions provided by DED. Estimated using REMI-PI+v1.6